



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director (CSD)

In the matter of

AHN Synthetic (Pvt.) Limited

Number and date of notice: EMD/242/L/557/12-1115 dated June 18, 2014

ORDER

UNDER SECTION 241 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against the directors including chief executive (the "respondents") of **AHN Synthetic (Pvt.) Limited** (the "Company") through show cause notice (the "SCN") dated June 18, 2014 issued under section 241 read with section 476 of the Companies Ordinance 1984 (the "Ordinance").

2. The brief facts of the case are that examination of annual audited financial statements of the Company for the years ended June 30, 2012 (the "Accounts") filed under section 242 of the Ordinance revealed that the Accounts are authenticated by two directors of the Company instead of any one director and chief executive. In such a case statement by the directors explaining unavailability of the Chief executive to sign the accounts, is required to be. However, the same has been annexed with the Accounts in contrary to the requirement of sub-section 2 of Section 241 of the Ordinance Consequently, the SCN was issued to the respondents.

3. The respondent has not submitted any response to the SCN. Subsequently, hearings were fixed, however, respondents failed to appear in hearings. Relevant provisions of section 241 of the Ordinance are produced below:

Sub-section (1): *Save as provided by sub-section (2), the balance-sheet and profit and loss account or income and expenditure account shall be approved by the directors and shall be signed by the chief executive and at least one director.*

Sub-section (2): *when the chief executive is for the time being not in Pakistan, then the balance-sheet and profit and loss account or income and expenditure account of the company shall be signed by not less than two directors for the time being in Pakistan, but in such a case there shall be subjoined to the balance-sheet and profit and loss account or income and*



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 1 -

expenditure account a statement signed by such directors explaining the reasons for non-compliance with the provisions of sub-section (1).

Sub-section (3): *If a company makes default in complying with the requirement of this section, the company and every officer of the company who is knowingly and wilfully in default shall be liable to a fine not exceeding five thousand rupees.*

4. Having gone through the facts of the case and relevant provisions of the Ordinance, it transpires that the provisions of sub-section (2) of section 241 have been contravened by the respondents. It is important to note that the law provides a clear mode of authenticating the Accounts by those charged with the responsibility of managing and overseeing the affairs of a Company. Therefore, it is of utmost importance that the Accounts are appropriately authenticated. However, I take into account the fact that the Company is a closely held private company with only eight shareholders who are all related to each other. Keeping in view these facts, I hereby conclude the proceedings with a warning to the respondents to be careful in future regarding compliance with applicable legal provisions.

Amina Aziz
Director (CSD)

Announced:
May 11, 2016
Islamabad